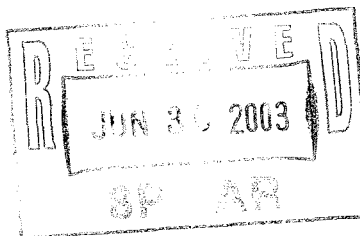


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June 27, 2003

Richard R. Long, Director  
Air and Radiation Program  
Mail Code 8P-AR  
U. S. EPA  
Region 8  
999 18<sup>th</sup> Street -- Suite 300  
Denver, CO 80220-2466



Dear Mr. Long:

Subject: Comments on Dispersion Modeling Analysis of PSD Class I Increment Consumption in North Dakota and Eastern Montana

This letter is in response to your request for comments on the Dispersion Modeling Analysis of PSD Class I Increment Consumption in North Dakota and Eastern Montana as public noticed in the May 23, 2003 *Federal Register*. Otter Tail Power Company is the operating agent for Coyote Station whose co-owners include Montana Dakota Utilities Co., NorthWestern Public Service, Northern Municipal Power Agency, and Otter Tail Power Company. Otter Tail Power Company is providing the following comments on behalf of Coyote Station.

Otter Tail Power Company supports the North Dakota Department of Health in its evaluation of the PSD Class I increment consumption in North Dakota and Eastern Montana. We would encourage EPA to carefully consider the comments, testimony, and findings of the Department of Health in its hearing record as a result of its June 12 and 13, 2003 public hearing.

We encourage the EPA to use the best data available in their modeling including but not limited to the Rapid Update Cycle Version 2 (RUC2) meteorological model. The Coyote Station co-owners support the following specific analyses criteria:

- The Coyote Station co-owners agree with the DOH that deriving the baseline concentration for the Class I areas by modeling all emission sources during the baseline at normal operating levels and then adding the allowable PSD increment to the baseline concentration to establish the Maximum Allowable Ambient Level is an appropriate approach for evaluating compliance with the PSD increment. We recommend that the EPA use the same methodology used by the DOH to derive the baseline concentration.
- We support using post baseline emission rates to establish baseline concentrations if the actual emissions in the two years prior to the baseline date did not represent normal source operation for that baseline source such as is the case for the Royal Oak Briquetting Plant, Milton R. Young Units 1 & 2, Stanton Station Unit 1 and Leland Olds Unit 2. We recommend that EPA include post baseline emission rates for these sources in their analyses.

Richard R. Long, Director

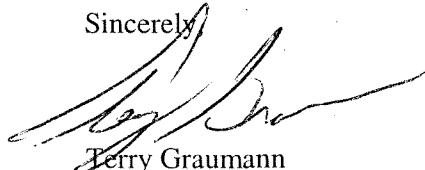
June 26, 2003

Page 2

- It is appropriate and consistent with the requirements of the Clean Air Act (CAA) that the EPA recognize the variances granted by the U. S. Department of Interior Federal Land Managers to North Dakota sources in assessing consumption of Class I PSD sulfur dioxide increment, and to count emissions from such sources only against the alternative increment established for such sources at 42 U.S.C. 7245 (d)(2)(C)(iv) and not against the increment established in 42 U.S.C. 7473(b). Such variances and alternative allowable increments are clearly provided for through the Federal Land Manager Certifications of no adverse impact on the air quality related values (including visibility) in 42 U.S.C. 7245 (d)(2)(C)(iii). Inclusion of these sources as increment consuming sources is contrary to this very clear provision of the CAA. Furthermore, if the increment must be corrected as contended by EPA, there would be no reason for Congress to have included the maximum allowable emissions under 42 U.S.C. 7245 (d)(2)(C)(iv) for those sources that are granted variances under 42 U.S.C. 7245 (d)(2)(C)(iii).
- The DOH followed ND Administrative Code Chapter 33-15-15 when it used the actual annual average emissions in their evaluation. It is interesting to note that in EPA's "Dispersion Modeling Analysis of PSD Class I Increment Consumption in North Dakota and Eastern Montana" dated May 2003, EPA chose the 90<sup>th</sup> percentile actual emissions for each unit. However, they did not provide any legal justification for their selection of the 90<sup>th</sup> percentile. The Coyote Station co-owners contend that when the method of determining emissions are clearly provided for in the CAA and the ND Administrative Code, EPA is not at liberty to arbitrarily select other emission calculation methodologies as they have done in their analysis.

Thank you for the opportunity of providing comments on your report.

Sincerely,



Terry Graumann  
Manager, Environmental Services